

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7406

BILL NUMBER: HB 1583

NOTE PREPARED: Apr 10, 2013

BILL AMENDED: Apr 8, 2013

SUBJECT: Review of Administrative Rules.

FIRST AUTHOR: Rep. Harman

FIRST SPONSOR: Sen. Yoder

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: *Appointment of Members:* This bill sets forth procedures for the appointment of: (1) the members of the Administrative Rules Oversight Committee; and (2) the committee's chair.

Review of Proposed Rules: The bill requires an agency to submit economic impact information for proposed rules to the Office of Management and Budget (OMB) for a review of the direct economic impact of the proposed rule on all regulated persons and all other benefitted persons. It requires OMB to provide the committee with a copy of each economic impact analysis. It permits the committee to review the direct economic impact of a proposed rule regardless of whether the rule has a direct economic impact exceeding \$500,000. (Currently OMB is only required to forward rules and the committee is limited to reviewing only rules with an economic impact exceeding \$500,000). The bill also permits the committee to recommend that the Governor approve or disapprove a rule.

Effective Date: Upon passage; July 1, 2013.

Explanation of State Expenditures: *Review of Proposed Rules:* This bill requires the OMB to provide the Administrative Rules Oversight Committee a copy of all economic impact analyses for proposed rules and allows the committee to review the direct economic impacts of all proposed rules. Under current law, the committee is required to review rules with a fiscal impact, including economic impact, exceeding \$500,000. The bill could potentially increase the number of committee meetings required to address the direct economic impacts for proposed rules under the bill. Additional meetings would increase the per diem and travel expenses of the committee.

During the CY 2010-2012 period, the average number of proposed rules was about 100 annually. It's estimated that potentially 10% of these rules were estimated to have an economic impact exceeding \$500,000.

Background Information - The Administrative Rules Oversight Committee has not met since the 2008 interim. They met 3 times and had expenses of \$3,547 in 2008.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Legislative Services Agency; Office of Management and Budget; Administrative Rules Oversight Committee.

Local Agencies Affected:

Information Sources: Brian Bailey, State Budget Agency, (317) 234-8538.

Fiscal Analyst: Jessica Harmon, 317-232-9854.